

Message Text

CONFIDENTIAL

PAGE 01 STATE 016772
ORIGIN NEA-10

INFO OCT-01 ISO-00 ONY-00 SS-15 /026 R

DRAFTED BY NEA/INS:JMALOTT
APPROVED BY NEA:PWLANDE
DESIRED DISTRIBUTION
NEA ONLY

-----096449 210506Z /21

P 202305Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY COLOMBO PRIORITY

C O N F I D E N T I A L STATE 016772

STADIS //////////////////////////////////////
FROM NEA/INS

E.O. 11652: GDS

TAGS: EAID, EAGR, CE

SUBJECT: SECOND 100,000 MT WHEAT FLOUR FOR SRI LANKA

REF: 77 COLOMBO 5101

1. ALTHOUGH ALLOCATION TABLE SUBMITTED TO CONGRESS DECEMBER 31 INDICATES CURRENT PLANNING FOR TOTAL 200,000 MT WHEAT FLOUR FOR SRI LANKA IN FY 78, THIS HAS NOT RECEIVED INTER-AGENCY STAFF COMMITTEE (ISC) APPROVAL. WE ARE NOT CERTAIN HOW REPRESENTATIVES FROM OTHER AGENCIES WILL REACT TO PROPOSAL FOR SECOND 100,000 TONS, SO WE WILL NEED TO GO BEFORE THEM WITH STRONGEST POSSIBLE ECONOMIC JUSTIFICATION.

2. WE RECOGNIZE FOREIGN EXCHANGE JUSTIFICATION PRESENTED IN REFTTEL IS ONE OF FOUR OBJECTIVES OF GSL'S ECONOMIC PROGRAM. HOWEVER, WHAT OTHERS ARE LIKELY TO CONSIDER MORE IMPORTANT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 016772

THAN FOREIGN EXCHANGE JUSTIFICATION IS AN ASSURANCE THAT PROVISION OF ADDITIONAL WHEAT FLOUR WILL CONTRIBUTE TO THE PRIMARY PURPOSE OF IMF/GSL ECONOMIC PACKAGE, I.E., TO INCREASE DOMESTIC AGRICULTURAL PRODUCTIVITY, AND BRING ABOUT IMPORT SUBSTITUTION. THIS GOAL WOULD APPEAR TO REQUIRE A NEW PRICE STRUCTURE BETWEEN RICE AND FLOUR, I.E., IMPORTED AND DOMESTIC FOOD PRODUCTS.

3. JUDGING FROM EMBASSY'S REPORTING, AS A RESULT OF GSL ACTION TO INCREASE RICE PRICE BUT NOT FLOUR PRICE, THERE HAS BEEN A DRAMATIC INCREASE IN DEMAND FOR FLOUR AND THEREFORE FOR IMPORTED FOOD. SO LONG AS PRICE OF WHEAT FLOUR REMAINS UNCHANGED, WHOLE PURPOSE OF IMF PROGRAM WOULD APPEAR TO BE UNDERMINED. IMF SAYS THAT GSL HAS PROMISED IT WILL INCREASE FLOUR PRICE IN FEBRUARY ALTHOUGH REFTEL INDICATES ONLY THAT PRICE WILL GO UP SOMETIME IN 1978. AMOUNT OF FLOUR PRICE HIKE HAS NOT BEEN DISCLOSED. IMF REPRESENTATIVE GIBSON HAS ALSO EXPRESSED CONCERN THAT PRICE CEILING ON RICE AT CONSUMER LEVEL IS TOO LOW AND DOES NOT OFFER SUFFICIENT INCENTIVE TO TRADERS TO BUY FROM PADDY MARKET BOARD, THEREBY LEAVING THE PMB WITH EXCESS STOCKS OF RICE. FINALLY, AGRICULTURE HAS TOLD US THAT IT CONTINUES TO HAVE REPORTS THAT COLOMBO DOCKS ARE GETTING FURTHER BACKED UP WITH WHEAT FLOUR.

4. THE ABOVE CHRONICLE OF WOES AND WORRIES IS NOT INTENDED TO ELICIT A RESPONSE. IT IS INTENDED TO GIVE YOU AN IDEA OF THE CONCERNS OF WASHINGTON AGENCIES. YOU SHOULD BE PREPARED TO DEAL WITH THESE AND OTHER CONCERNS WHEN YOU SHORTLY RECEIVE A FORMAL REQUEST FOR ADDITIONAL DATA ON THE WHEAT AND RICE SITUATION. CHRISTOPHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: WHEAT, EXPORTS, PL 480, FLOUR
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jan 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE016772
Document Source: CORE
Document Unique ID: 00
Drafter: JMALOTT
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780032-0188
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780138/aaaabfzm.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f80dc7e1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY, STADIS
Reference: 77 COLOMBO 5101
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3736710
Secure: OPEN
Status: NATIVE
Subject: SECOND 100,000 MT WHEAT FLOUR FOR SRI LANKA
TAGS: EAID, EAGR, CE, US
To: COLOMBO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f80dc7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014